



CALIFORNIA STATE SENATE DEMOCRATIC CAUCUS

From under the Dome

SENATOR KEVIN MURRAY, CHAIR

Volume 1, Issue 1

May, 2005

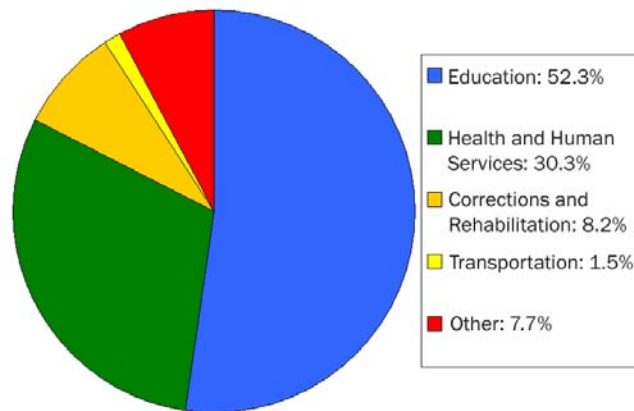
The numbers behind California's budget

California is the most populous state in the union - with nearly 37 million residents. Despite annual increases of half-a-million new people each year, California continues to rank in the middle of what all other states spend, as a percentage of personal income.

This coming fiscal year, the governor is proposing an adjusted budget of more than \$115 billion. But where's the money going? What are the spending priorities? Here's a snap shot of what the legislature must now consider in its annual budget analysis of the governor's budget.

Education accounts for the large-

2005-06 Proposed budget funding areas



California's General Fund expenditures can be broken into three major areas, as charted above based on the Governor's proposed budget announced in May.

est share of the proposed 2005-06 budget. The Governor proposed a 6% increase in K-12 spending, including \$252 million to temporarily reduce class size, to a total of

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Budget Basics:

Analysis, negotiations key to California's budget becoming law

Each year as the long days of summer approach in California, the deadline for the state to enact a budget looms. Let's take a quick tour of the state budget process and the role of Legislators and constituents.

The governor, as required by the state constitution, must submit a balanced budget proposal to the Legislature by January 10 of each year, laying out the spending plan for the next fiscal year, beginning July 1. Over the in-

tervening months both houses of the Legislature must analyze the budget proposed by the governor.

In the Senate, beginning in March, the subcommittees of the Budget and Fiscal Review Committee — Education, Resources, Health and Human Services, State Administration, and Public Safety begin a review of their respective areas of the budget. The independent Legislative Analyst's Office (LAO)

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Going to school on California's education needs

More than half of California's General Fund budget goes to education (some 40 percent of the budget to K-12 schools, and about another 12 percent to higher education). Still, the state ranks 43rd among all states in per-pupil spending. In the 1970s, California's per-pupil spending was \$600 more than the national average. Today, it's \$600 less. The Rand Corporation recently reported that California public schools trail the nation in virtually every key measurement including funding level, pupil achievement, class size, teacher qualifications, and facilities.

California's teacher salaries are the lowest among the five most populous states and 32nd nationwide when teacher salaries are adjusted for regional cost of living. The state also has the fourth highest pupil-teacher ratio in the nation,

with 20.2 students per teacher, as compared to 15.7 for the U.S. as a whole. As a percentage of personal income – a measure of the size of the state's economy – California has consistently spent less on education than the US over the past decade.

In 1988, voters approved Prop.

year.

For dire economic times, Prop. 98 allows the state to borrow education money but requires the state to pay the money back in future years and return education funding levels to what they would have if the money hadn't been borrowed.

This current fiscal year (2004-05) the state budget falls more than \$2.6 billion short of meeting the Prop. 98 requirement. The governor had promised that the money taken from this year's budget would be put back in the next budget. But the budget the governor has proposed for 2005-06 calls for taking 15 years to repay this year's shortage and would not to add that repaid money to the base amount on which future budgets are based. The governor's budget proposal for next year would allow education funding to fall another \$2.8 billion behind the Prop. 98 guarantee.

Want to learn more about Prop. 98? Visit these Web sites:

- http://www.lao.ca.gov/2005/prop_98_primer/prop_98_primer_020805.pdf
- http://www.cbp.org/2005/0504bb_prop98.pdf
- <http://www.cbp.org/2000/qh000701.html>

98, a guarantee that education funding grows with the state's educational needs. Prop. 98 created minimum funding levels that are adjusted every year, taking into account growth in state revenues and the economy. It provides that each budget year's funding level is the education funding base for the next

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Money

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about \$33 billion. A proposed 7.5% increase in spending for the California Community Colleges amounts to about 3.3 billion dollars. Finally, a 3.6% increase for the University of California and a 4.4% increase for the California State University System come to about \$5.4 billion. All together, education and higher education accounts for 52.3% of proposed General Fund expenditures.

Health and human service spending comes next and commands a 30.3% chunk of California's 2005-

06 proposed budget. The total proposed expenditure for these programs is \$26.8 billion.

Youth and Adult Corrections is the next largest piece of the pie at \$7 billion, a 1.2% increase from last year's budget funding level. Corrections spending is 8.2% of the Governor's proposed budget.

Transportation would get \$1.3 billion in one-time funds.

The remaining 7.7% of the budget would cover housing, environmental protection, general government, labor and workforce development, legislative/judicial/executive, resources and state and consumer services.

There's a world of learning about California's healthcare issues on the Web. Check out these sites:

- <http://www.chcf.org/documents/insurance/UninsuredSnapshot2004.pdf>
- http://www.cbp.org/2005/0502chartbook_bw.pdf
- <http://www.csac.counties.org/images/public/Advocacy/budget/State%20Budget%20Watch.doc>

Process

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provides its own nonpartisan review of the proposed budget with an in-depth examination of economic projections, the background of state program spending, and recommendations.

The subcommittee hearings are open to the public, and Californians are invited to participate during this process. With little more than five months for decisions on a state budget that now exceeds \$110 billion a year, public advocacy on the budget must be both timely and directed to the appropriate subcommittee.

Once budget hearings and public comment are completed, each subcommittee votes on the proposed changes and submits the recommendation to the full budget committee,

which can accept or amend the report. The revised budget proposal is then sent to the full Senate for consideration. The Assembly follows a similar process.

The Senate and Assembly versions of the budget are then reconciled in a budget conference committee, made up of three members of each house. No public testimony is heard during this process.

A budget compromise is worked out, and a final bill goes to the floor of both houses where it must receive two-thirds support for passage.

Once the bill reaches the governor's desk, the governor has twelve working days to sign or "blue pencil" (reduce or eliminate) any appropriation contained in the budget. The new budget is official immediately after the governor's signature.

The proposed 2005-06 budget totals \$115.7 billion. The budget for 2004-05 was \$117.4 billion, and in 2003-04 the total was \$104.2 billion.

Health care's funding and its future in California

While many may see California's health and human services system as a safety net for low income Californians, a large part of this funding goes to aged, blind and disabled, including funds to pay wages and health benefits to in-home care workers.

The Governor's 2005-06 proposed budget would spend \$26.8 billion on Health and Human Services. The cuts it makes would reduce the wages and benefits of workers who give home care to those seniors and disabled persons, pushing the wages of many home care workers below the poverty line and likely forcing home care recipients out of their homes and into more expensive skilled nursing or intermediate care facilities.

The budget must also come to grips with these fundamental California healthcare concerns:

- 6.6 million uninsured people, including a large share of working families
- Health insurance premiums that are growing at a double-digit rate.
- The state's Regional Centers which provide services to more than 200,000 developmentally disabled Californians.
- Health coverage the state provides through the Healthy Families program to some 780,000 low-income children.
- California's Medi-Cal reimbursement rates are 46th in the nation. As a result, the pool of physicians accepting Medi-Cal is getting smaller and people have difficulty in getting an appointment in to see their doctor, or locating a physician within their health network.

Under the proposed budget, the out-of-pocket costs for those on Medi-Cal would increase. Enrollees unable to pay the costs would be dropped from the program. This would deepen problems for the many who often utilize emergency departments and trauma centers as de facto primary care physicians. California emergency departments provided \$540 million in uncompensated care in 2001. As a result, California has seen over 60 emergency department closures since 1990.

A closer look at Senate District 2



Senate District 2, represented by Senator Wes Chesbro, Chair of the Budget and Fiscal Review Committee, is located in the coastal region of Northern California. The district includes the counties of Humboldt, Lake, Mendocino, Napa and parts of Solano and Sonoma Counties. The Second Senate District is one of the most diverse areas in California with ancient redwood groves, world famous vineyards and wineries scattered throughout the district, and the undisturbed coast line of Mendocino and Humboldt Counties. The Southern part is the home of the historic Mare Island Shipyard and the first State Capitol. Recreational opportunities abound in the district.



Sen. Chesbro, Chair of the Budget and Fiscal Review Committee



SD2 quick facts

- 847,790 people live in SD2
- Attractions in the district include the Napa Valley wine region, majestic trees and miles of Northern California coastline.
- State colleges in the district include CSU Sonoma and Humboldt State.

Constituent Corner

Bobby Knight, a resident of Napa Valley, is well known to many in the downtown business district as the guy who wears colorful garb and pedals his way around town on his three-wheeler. He likes to make everyone happy and this past Christmas was no different. To show some Christmas spirit he dressed up as Santa, decorated his bike with lights and garland and put a Christmas tree on the rear basket of his bike. Christmas Eve he came home from work to find that his bike had been stolen. The theft of his bike left him heartbroken and disappointed.

Senator Chesbro's office, along with several downtown businesses in Napa, were so touched by

this individual's misfortune that they set up a fund to raise money for another bike. They contacted the local paper and a story ran. The community response was so great that in just a few days they had collected \$900.00 towards a new bike.

Mr. Knight was touched by the generosity of the community. He didn't waste anytime picking up his new wheels that came fully equipped with a big rear basket, a bell on the handle bars and a front headlight. In addition he purchased a new helmet, locks and a shed to store his bike in. The rest of the money was applied towards a credit at a local bicycle store to be used for future repairs. Clearly residents of Senate District 2 care about their own.